

This document contains forms and instructions for:

- [Form 592](#) - Nonresident Withholding Annual Return
- [Form 592-A](#) - Nonresident Withholding Remittance Statement
- [Form 592-B](#) - Nonresident Withholding Tax Statement

19 Nonresident Withholding Annual Return

592

Check one box: ☐ Form 592-B for each recipient attached ☐ Form 592-B information on attached list. ☐ Form 592-B information on enclosed magnetic media. See separate instructions for Forms 592, 592-A and 592-B.

Section A: To be completed for: independent contractors; rents and royalties; estates and trusts; and other.

Part I Withholding Agent (Payer)

Name of withholding agent (payer)		Social security no., California corporation no. or federal employer identification no. (F.E.I.N.)
Address (number and street)	Principal Business Activity Code (Do not leave blank)	
City, state and ZIP code (or equivalent)		Daytime telephone number ()

Part II Tax Withheld — Independent Contractors

- 1 Enter number of Form 592-B's for independent contractors 1
- 2 Total amount of California source income subject to withholding 2
- 3 Total withholding due 3
- 4 Payments made during the tax year. Attach a list of amounts and dates paid 4
- 5 Subtract line 4 from line 3 and enter balance due. If this amount is less than zero, enter -0- ● 5

Part III Tax Withheld — Rents and Royalties

- 6 Enter number of Form 592-B's for rents and royalties 6
- 7 Total amount of California source income subject to withholding 7
- 8 Total withholding due 8
- 9 Payments made during the tax year. Attach a list of amounts and dates paid 9
- 10 Subtract line 9 from line 8 and enter balance due. If this amount is less than zero, enter -0- ● 10

Part IV Tax Withheld — Estates and Trusts

- 11 Enter number of Form 592-B's for estates and trusts 11
- 12 Total amount of California source income subject to withholding 12
- 13 Total withholding due 13
- 14 Payments made during the tax year. Attach a list of amounts and dates paid 14
- 15 Subtract line 14 from line 13 and enter balance due. If this amount is less than zero, enter -0- ● 15

Part V Tax Withheld — Other Entities

- 16 Enter number of Form 592-B's for other entities 16
- 17 Total amount of California source income subject to withholding 17
- 18 Total withholding due 18
- 19 Payments made during the tax year. Attach a list of amounts and dates paid 19
- 20 Subtract line 19 from line 18 and enter balance due. If this amount is less than zero, enter -0- ● 20

Part VI Remittance

- 21 Total withholding remitted with Form 592. Add line 5, line 10, line 15 and line 20. Attach a check or money order for the full amount payable to "Franchise Tax Board." Write the payer's social security number, California corporation number, or federal employer identification number and "Form 592" on the check or money order ● 21
- Mail Form 592 to the **Franchise Tax Board, P.O. Box 942867, Sacramento, CA 94267-0001**

Part VII Perjury Statement

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than withholding agent) is based on all information of which preparer has any knowledge.

Name and title of withholding agent (payer)

Signature of withholding agent (payer)

Date

Name of preparer other than withholding agent (payer)

Signature of preparer other than withholding agent (payer)

Address

()

Daytime telephone number

F.E.I.N.

Section B: To be completed for foreign and domestic (nonforeign) nonresident partners and members.**Part I Withholding Agent (Partnership or Limited Liability Company (LLC))**

Name of withholding agent (partnership or LLC)		Federal employer identification number (F.E.I.N.) or Secretary of State file number
Address (number and street)	Principal Business Activity Code (Do not leave blank)	
City, state and ZIP code (or equivalent)		Daytime telephone number ()

Part II Tax Withheld — Foreign Nonresident Partners or Members

- 1 Enter number of Form 592-B's for noncorporate foreign nonresident partners or members **1** _____
- 2 Enter number of Form 592-B's for corporate foreign nonresident partners or members **2** _____
- 3 Total California source taxable income allocable to:
- a Noncorporate foreign nonresident partners or members \$ _____ x 11%. **3a** _____
- b Corporate foreign nonresident partners or members \$ _____ x 9.3%. **3b** _____
- 4 Total R&TC Section 18666 withholding due. Add line 3a and line 3b **4** _____
- 5 Payments of R&TC Section 18666 withholding made by the partnership or LLC listed above during its tax year
(or under an extension of time to file) **5** _____
- 6 R&TC Section 18666 withholding paid or withheld by another partnership or LLC in which the partnership or LLC
listed above was a partner or member during the taxable year (attach Form 592-B) **6** _____
- 7 Real estate withholding **7** _____
- 8 Total payments. Add line 5 through line 7 **8** _____
- 9 Subtract line 8 from line 4 and enter the **balance due**. If this amount is less than zero, enter -0- ● **9** _____

Part III Tax Withheld — Domestic (Nonforeign) Nonresident Partners or Members

- 10 Enter number of Form 592-B's for domestic (nonforeign) nonresident partners or members **10** _____
- 11 Total amount of distributions subject to withholding **11** _____
- 12 Total withholding due **12** _____
- 13 Payments made during the tax year. Attach a list of amounts and dates paid **13** _____
- 14 Subtract line 13 from line 12 and enter the **balance due**. If this amount is less than zero, enter -0- ● **14** _____

Part IV Remittance

- 15 Total tax remitted with Form 592. Add line 9 and line 14. Attach a check or money order for the full amount payable
to "Franchise Tax Board." Write the partnership's F.E.I.N. or the LLC's Secretary of State file number and "Form 592"
on the check or money order ● **15** _____

Mail Form 592 to the Franchise Tax Board, P.O. Box 942867, Sacramento, CA 94267-0001

Part V Perjury Statement

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than withholding agent) is based on all information of which preparer has any knowledge.

Name of withholding agent, partner of partnership or member of LLC

Signature of withholding agent, partner of partnership or member of LLC

Title (if applicable)

Date

Name of preparer other than withholding agent, partner or member

Signature of preparer other than withholding agent, partner or member

Address

Date

()

Daytime telephone number

F.E.I.N. or Secretary of State file number

For Privacy Act Notice, see form FTB 1131 individuals only.

19____ Nonresident Withholding Remittance Statement

592-A

To be filed by the withholding agent. See separate instructions for Forms 592, 592-A and 592-B.

Name of withholding agent		Name of preparer (if other than withholding agent)	
Address (number and street)	Daytime telephone number ()	Address (number and street)	Daytime telephone number ()
City, state and ZIP code		City, state and ZIP code	
Social security no., California corporation no., federal employer identification no. (F.E.I.N.) or Secretary of State file no.		Social security no., California corporation no., federal employer identification no. (F.E.I.N.) or Secretary of State file no.	
Principal Business Activity Code (Do not leave blank)			

1	Amount of independent contractor withholding	1	\$	_____
2	Amount of rent or royalty withholding	2	\$	_____
3	Amount of estate or trust withholding	3	\$	_____
4	Amount of other withholding _____ (describe)	4	\$	_____
5	Amount of foreign partner or member withholding. See instructions	5	\$	_____
6	Amount of domestic (nonforeign) nonresident partner or member withholding. See instructions	6	\$	_____
7	Total amount of this payment. Add line 1 through line 6	7	\$	_____

Mail Form 592-A to the **Franchise Tax Board, P.O. Box 942867, Sacramento, CA 94267-0001****For Privacy Act Notice, see form FTB 1131 (individuals only).**Form 592-A (REV. 1994) **Side 1**

19____ Nonresident Withholding Remittance Statement

592-A

To be filed by the withholding agent. See separate instructions for Forms 592, 592-A and 592-B.

Name of withholding agent		Name of preparer (if other than withholding agent)	
Address (number and street)	Daytime telephone number ()	Address (number and street)	Daytime telephone number ()
City, state and ZIP code		City, state and ZIP code	
Social security no., California corporation no., federal employer identification no. (F.E.I.N.) or Secretary of State file no.		Social security no., California corporation no., federal employer identification no. (F.E.I.N.) or Secretary of State file no.	
Principal Business Activity Code (Do not leave blank)			

1	Amount of independent contractor withholding	1	\$	_____
2	Amount of rent or royalty withholding	2	\$	_____
3	Amount of estate or trust withholding	3	\$	_____
4	Amount of other withholding _____ (describe)	4	\$	_____
5	Amount of foreign partner or member withholding. See instructions	5	\$	_____
6	Amount of domestic (nonforeign) nonresident partner or member withholding. See instructions	6	\$	_____
7	Total amount of this payment. Add line 1 through line 6	7	\$	_____

Mail Form 592-A to the **Franchise Tax Board, P.O. Box 942867, Sacramento, CA 94267-0001****For Privacy Act Notice, see form FTB 1131 (individuals only).**Form 592-A (REV. 1994) **Side 1**

Installment payment worksheet for Revenue & Taxation Code (R&TC) Section 18666
tax for a foreign partner or member

Complete only if the partnership or limited liability company (LLC) has foreign partners or members.

Caution: Complete line 1 through line 13 of one column before going to the next column.

	(a) 1st Installment	(b) 2nd Installment	(c) 3rd Installment	(d) 4th Installment
1 Enter the partnership's or LLC's California source taxable income for each period		First 3 months	First 6 months	First 9 months
2 Annualization amounts		4	2	1.33333
3 Multiply line 1 by line 2				
	First 3 months	First 5 months	First 8 months	First 11 months
4 Enter the partnership's or LLC's California source taxable income for each period				
5 Annualization amounts	4	2.4	1.5	1.09091
6 Multiply line 4 by line 5				
7 Annualized California source taxable income. In column (a), enter the amount from line 6, column (a). In columns (b), (c), and (d) enter the smaller of the amounts in each column from line 3 or line 6				
8 Foreign partner's or member's annualized California source taxable income Enter the foreign partner's or member's share of line 7				
9 Multiply line 8 by maximum tax rate				
10 Applicable percentage				
10a Individuals	20%	40%	60%	80%
10b Corporations	23.75%	47.5%	71.25%	95%
11 Multiply line 9 by line 10a or line 10b whichever is applicable				
12 Add the amounts in all preceding columns of line 13				
13 Installment payments of withholding tax due for foreign partner or member. Subtract line 12 from line 11. If less than zero, enter -0-				

Side 2 Form 592-A (REV. 1994)

Installment payment worksheet for Revenue & Taxation Code (R&TC) Section 18666
tax for a foreign partner or member

Complete only if the partnership or limited liability company (LLC) has foreign partners or members.

Caution: Complete line 1 through line 13 of one column before going to the next column.

	(a) 1st Installment	(b) 2nd Installment	(c) 3rd Installment	(d) 4th Installment
1 Enter the partnership's or LLC's California source taxable income for each period		First 3 months	First 6 months	First 9 months
2 Annualization amounts		4	2	1.33333
3 Multiply line 1 by line 2				
	First 3 months	First 5 months	First 8 months	First 11 months
4 Enter the partnership's or LLC's California source taxable income for each period				
5 Annualization amounts	4	2.4	1.5	1.09091
6 Multiply line 4 by line 5				
7 Annualized California source taxable income. In column (a), enter the amount from line 6, column (a). In columns (b), (c), and (d) enter the smaller of the amounts in each column from line 3 or line 6				
8 Foreign partner's or member's annualized California source taxable income Enter the foreign partner's or member's share of line 7				
9 Multiply line 8 by maximum tax rate				
10 Applicable percentage				
10a Individuals	20%	40%	60%	80%
10b Corporations	23.75%	47.5%	71.25%	95%
11 Multiply line 9 by line 10a or line 10b whichever is applicable				
12 Add the amounts in all preceding columns of line 13				
13 Installment payments of withholding tax due for foreign partner or member. Subtract line 12 from line 11. If less than zero, enter -0-				

Side 2 Form 592-A (REV. 1994)

19____ Nonresident Withholding Tax Statement

592-B

Attach to Form 592 for each recipient. See the separate instructions for Form 592, 592-A and 592-B.

Copy A
FOR FRANCHISE TAX BOARD

Part I Recipient

Recipient's name, address (number and street), city, province or state, postal code, and country

Part II Withholding agent (Payer/Partnership/Limited Liability Company)

Withholding agent's (payer's/partnership's/limited liability company's) name, address (number and street), city, state, ZIP code and telephone number

Social security no., California corporation no. or federal employer identification no. (F.E.I.N.)

Social security no., California corporation no., federal employer identification no. (F.E.I.N.) or Secretary of State file no.

Part III Preparer (if other than withholding agent)

Preparer's name, address (number and street), city, state, ZIP code and telephone number

Social security no., California corporation no. or federal employer identification no. (F.E.I.N.)

Part IV Type of income subject to withholding. Check the applicable box(es).

☐ Payment to Independent Contractor
 ☐ Rents or Royalties
 ☐ Estate or Trust Distributions
 ☐ Payment to Foreign Partner/Member
 ☐ Payment to Domestic (Nonforeign) Nonresident Partner/Member
 ☐ Other _____ (describe)

Part V Tax Withheld

1 Total amount subject to withholding	1	
2 Total California tax withheld	2	

19____ Nonresident Withholding Tax Statement

592-B

Copy B**FILE WITH YOUR STATE RETURN****Part I Recipient**

Recipient's name, address (number and street), city, province or state, postal code, and country

Part II Withholding agent (Payer/Partnership/Limited Liability Company)

Withholding agent's (payer's/partnership's/limited liability company's) name, address (number and street), city, state, ZIP code and telephone number

Social security no., California corporation no. or federal employer identification no. (F.E.I.N.)

Social security no., California corporation no., federal employer identification no. (F.E.I.N.) or Secretary of State file no.

Part III Preparer (if other than withholding agent)

Preparer's name, address (number and street), city, state, ZIP code and telephone number

Social security no., California corporation no. or federal employer identification no. (F.E.I.N.)

Part IV Type of income subject to withholding. Check the applicable box(es).

<input type="checkbox"/> Payment to Independent Contractor	<input type="checkbox"/> Rents or Royalties	<input type="checkbox"/> Estate or Trust Distributions	<input type="checkbox"/> Payment to Foreign Partner/Member	<input type="checkbox"/> Payment to Domestic (Nonforeign) Nonresident Partner/Member	<input type="checkbox"/> Other _____ (describe)
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Part V Tax Withheld

1 Total amount subject to withholding	1	
2 Total California tax withheld	2	

RECIPIENT:**IMPORTANT — PLEASE READ**

The withholding of tax does not relieve you of the liability to file a California tax return within three months and fifteen days (for individuals and fiduciaries), or two months and fifteen days (for corporations) after the close of your taxable or income year. If you cannot file the return by the due date, an automatic six month extension to file is granted. However, 100% of your tax liability must be paid by the due date.

To determine if you must file a tax return refer to: the instructions for Form 540, California Resident Income Tax Return, and 540NR, California Nonresident or Part-Year Resident Tax Return, for individuals; the instructions for Form 100, California Corporation Franchise or Income Tax Return, and 100S, California S Corporation Franchise or Income Tax Return, for corporations; and the instructions for Form 541, California Fiduciary Income Tax Return, for fiduciaries.

Even if you are not required by the law to file a return, you should file a return if California tax has been withheld. **(For more information, call 1-800-852-5711 from within the United States, or 1-916-845-6500 from outside the United States.)**

You may be assessed a penalty if you file your return late, if the amount withheld is not enough to satisfy your tax liability or if your California income exceeds the amounts prescribed by law for filing a return.

When filing your California tax return, attach Copy B of this form to the face of your return as you would a federal Form W-2. Individuals should enter the amount from Part V, line 2 of this form on the "California income tax withheld" line of their return. Corporations and fiduciaries should enter the amount on the "Estimated tax payments" line of their return.

Keep Copy C for your records.

WITHHOLDING AGENT: You are required to file Copy A of this form together with Form 592, Nonresident Withholding Annual Return, with the Franchise Tax Board. See the instructions for Form 592, 592-A and 592-B for time and place for filing returns of tax withheld at source.

Direct correspondence to: **Franchise Tax Board, Withhold at Source Unit, P.O. Box 651, Sacramento, CA 95812-0651**, or telephone: (916) 845-4900.

File **Copy A** with Form 592, Nonresident Withholding Annual Return.

Copies B and C are for the recipient.

Copy D is for the withholding agent's records.

Side 2 Form 592-B (REV. 1994)

19____ Nonresident Withholding Tax Statement

592-B

Copy C
FOR RECIPIENT'S RECORDS**Part I Recipient**

Recipient's name, address (number and street), city, province or state, postal code, and country

Part II Withholding agent (Payer/Partnership/Limited Liability Company)

Withholding agent's (payer's/partnership's/limited liability company's) name, address (number and street), city, state, ZIP code and telephone number

Social security no., California corporation no. or federal employer identification no. (F.E.I.N.)

Social security no., California corporation no., federal employer identification no. (F.E.I.N.) or Secretary of State file no.

Part III Preparer (if other than withholding agent)

Preparer's name, address (number and street), city, state, ZIP code and telephone number

Social security no., California corporation no. or federal employer identification no. (F.E.I.N.)

Part IV Type of income subject to withholding. Check the applicable box(es).

<input type="checkbox"/> Payment to Independent Contractor	<input type="checkbox"/> Rents or Royalties	<input type="checkbox"/> Estate or Trust Distributions	<input type="checkbox"/> Payment to Foreign Partner/Member	<input type="checkbox"/> Payment to Domestic (Nonforeign) Nonresident Partner/Member	<input type="checkbox"/> Other _____ (describe)
--	---	--	--	--	---

Part V Tax Withheld

1 Total amount subject to withholding	1	
2 Total California tax withheld	2	

RECIPIENT:**IMPORTANT — PLEASE READ**

The withholding of tax does not relieve you of the liability to file a California tax return within three months and fifteen days (for individuals and fiduciaries), or two months and fifteen days (for corporations) after the close of your taxable or income year. If you cannot file the return by the due date, an automatic six month extension to file is granted. However, 100% of your tax liability must be paid by the due date.

To determine if you must file a tax return refer to: the instructions for Form 540, California Resident Income Tax Return, and 540NR, California Nonresident or Part-Year Resident Tax Return, for individuals; the instructions for Form 100, California Corporation Franchise or Income Tax Return, and 100S, California S Corporation Franchise or Income Tax Return, for corporations; and the instructions for Form 541, California Fiduciary Income Tax Return, for fiduciaries.

Even if you are not required by the law to file a return, you should file a return if California tax has been withheld. **(For more information, call 1-800-852-5711 from within the United States, or 1-916-845-6500 from outside the United States.)**

You may be assessed a penalty if you file your return late, if the amount withheld is not enough to satisfy your tax liability or if your California income exceeds the amounts prescribed by law for filing a return.

When filing your California tax return, attach Copy B of this form to the face of your return as you would a federal Form W-2. Individuals should enter the amount from Part V, line 2 of this form on the "California income tax withheld" line of their return. Corporations and fiduciaries should enter the amount on the "Estimated tax payments" line of their return.

Keep Copy C for your records.

WITHHOLDING AGENT: You are required to file Copy A of this form together with Form 592, Nonresident Withholding Annual Return, with the Franchise Tax Board. See the instructions for Form 592, 592-A and 592-B for time and place for filing returns of tax withheld at source.

Direct correspondence to: **Franchise Tax Board, Withhold at Source Unit, P.O. Box 651, Sacramento, CA 95812-0651**, or telephone: (916) 845-4900.

File **Copy A** with Form 592, Nonresident Withholding Annual Return.

Copies B and C are for the recipient.

Copy D is for the withholding agent's records.

Side 2 Form 592-B (REV. 1994)

19____ Nonresident Withholding Tax Statement

592-B

Copy D
FOR WITHHOLDING AGENT**Part I Recipient**

Recipient's name, address (number and street), city, province or state, postal code, and country

Part II Withholding agent (Payer/Partnership/Limited Liability Company)

Withholding agent's (payer's/partnership's/limited liability company's) name, address (number and street), city, state, ZIP code and telephone number

Social security no., California corporation no. or federal employer identification no. (F.E.I.N.)

Social security no., California corporation no., federal employer identification no. (F.E.I.N.) or Secretary of State file no.

Part III Preparer (if other than withholding agent)

Preparer's name, address (number and street), city, state, ZIP code and telephone number

Social security no., California corporation no. or federal employer identification no. (F.E.I.N.)

Part IV Type of income subject to withholding. Check the applicable box(es).

<input type="checkbox"/> Payment to Independent Contractor	<input type="checkbox"/> Rents or Royalties	<input type="checkbox"/> Estate or Trust Distributions	<input type="checkbox"/> Payment to Foreign Partner/Member	<input type="checkbox"/> Payment to Domestic (Nonforeign) Nonresident Partner/Member	<input type="checkbox"/> Other _____ (describe)
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Part V Tax Withheld

1 Total amount subject to withholding	1	
2 Total California tax withheld	2	

1994 Instructions for Forms 592, 592-A and 592-B

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 1993**, and to the California Revenue and Taxation Code (R&TC).

General Instructions

A Purpose of Forms

1. Use Form 592, Nonresident Withholding Annual Return, to report the total withholding for the year under R&TC Sections 18662 and 18666. Form 592 is also a transmittal form for Form(s) 592-B Nonresident Withholding Tax Statement.

Do not use Form 592 if:

- withholding is for the sale of real estate. In that case, get Form 597, Nonresident Withholding Tax Statement for Real Estate Sales, to report and remit real estate withholding; or
 - Form 594, Notice to Withhold Tax at Source, has been issued for a particular engagement. Complete Form 594 and return Copy A with payment of tax withheld to the Franchise Tax Board (FTB).
2. Use Form 592-A, Nonresident Withholding Remittance Statement, to make payments to the FTB under R&TC Sections 18662 and 18666. Each payment made during the taxable year must be accompanied by Form 592-A. Side 2 is a worksheet used to figure installment payments of R&TC Section 18666 withholding for a foreign partner or member.
 3. Use Form 592-B, Nonresident Withholding Tax Statement, to show the amount of income, distributions and tax withheld for nonresidents for the taxable year.

File a separate Form 592-B for each nonresident. Copy A of Form 592-B must be attached to Form 592 and must be filed annually with the FTB.

Nonresidents must attach Copy B of Form 592-B to their Form 540NR, California Nonresident or Part-Year Resident Income Tax Return, to claim credit for their tax withheld. Enter the amount of tax withheld on the income tax withheld line of that return. Any residents who were erroneously made subject to the withholding tax would also receive Copy B of Form 592-B and should attach it to their Form 540, California Resident Income Tax Return, and enter the amount of tax withheld on the income tax withheld line of that return. A corporation must attach Copy B of Form 592-B to its Form 100, California Corporation Franchise or Income Tax Return, and enter the amount of tax withheld on the estimate payment line of that return.

Copy C is retained by the recipients for their records.

Copy D is retained by the withholding agents for their records.

B Who Must File

Any individual or entity making payments or allocations of income to individuals who are nonresidents of California or to corporations, partnerships or limited liability companies (LLC) which do not have a permanent place of business in California, must withhold tax from such payments and transmit the amount withheld to the FTB.

C Law

R&TC Section 18662, and the related regulations, require withholding on payments made to nonresidents for income received from California sources. The withholding rate is seven (7) percent unless a reduced rate is authorized by the FTB. Get Form 588, Nonresident Withholding Waiver Request (Non Real Estate) to request that authorization.

R&TC Section 18666 (modifying IRC Section 1446) requires withholding on foreign partners and members at a rate of 9.3 percent for corporations and 11 percent for individuals, partnerships, LLCs and fiduciaries. There is no provision to allow a waiver for foreign partners or members.

D Income Subject to Withholding

The items of income subject to withholding include, but are not limited to:

- compensation for services performed in California by nonresidents (including payment of expenses not separately stated) (for more information, get FTB Pub. 1023, Nonresident Withholding – Independent Contractor, Rent and Royalty Guidelines, or FTB Pub. 1024, Nonresident Withholding – Entertainment Guidelines);
- payments to nonresidents for rents or royalties on property (real or personal) located in California (for more information, get FTB Pub. 1023);
- distributions of California source income to nonresident beneficiaries from an estate or trust;
- prizes and winnings received by nonresidents for contests in California;
- partnership or LLC income, gain or (loss) allocable under IRC Section 704 to a foreign nonresident partner or member;
- distributions of California source income to a domestic (nonforeign) nonresident partner or member (for more information get FTB Pub. 1017, Nonresident Withholding – Partnership Guidelines); and
- other payments of California source income made to nonresidents.

Compensation for services includes payments for services rendered in California, commissions paid to salesmen or agents for orders received or sales made in California, fees for professional services rendered in California, and payments to entertainers, wrestlers, boxers, etc., for performances in California.

When compensation is paid for services performed both within and outside of California, the portion paid for services rendered in this state and subject to withholding should be determined by an allocation.

E Exceptions to Withholding

Withholding is not required when:

- the payment is for goods;
- the payment is being made to a resident of California or to a corporation, partnership or an LLC which has a permanent place of business in California. Form 590, Nonresident Withholding Exemption Certificate can be used by vendors to certify that they are resi-

dents of California or have a permanent place of business in California. The signed form containing this certification should be retained by the withholding agent and should be provided to the FTB upon request. The withholding agent will be relieved of the withholding requirements if they rely in good faith on a signed Form 590 that the vendor is a resident of California or has a permanent place of business in California. If the resident, corporation, partnership or LLC which has a permanent place of business in California is acting as an agent for the actual vendor, this exception does not apply;

- the total payments of California source income to the vendor by the withholding agent are \$1,500 or less for the calendar year;
- the payments are for income from intangible personal property, such as interest and dividends unless derived in a California trade or business or the property has acquired a business situs in California;
- the payments are for services performed outside of California or for rents, royalties and leases on real estate located outside of California;
- the vendor is a tax-exempt organization under either California or federal law;
- the payments are wages paid to employees. Wage withholding is administered by the California Employment Development Department (EDD). For more information contact your local EDD office;
- the vendor receives a written authorization from the FTB waiving the withholding;
- the domestic (nonforeign) nonresident partner or member provides the partnership or LLC with a signed Form 590-P, Nonresident Withholding Exemption Certificate for Partners and Members; or
- the income of nonresident partners or members, including a bank or corporation, is derived from qualified investment securities of an investment partnership.

F Waivers and Reduced Rates

The FTB will generally grant a waiver if:

- the vendor has a history of filing California returns;
- the vendor is currently making estimated tax payments; or
- distributions are made to publicly traded partnerships, brokerage firms and tiered partnerships or LLCs.

Reduced withholding rates will be granted when the 7 percent withholding rate results in significant over withholding.

Note: There is no provision in the law to allow waivers or reduced withholding to foreign nonresident partners or members.

Get Form 588 to request a waiver or a reduced rate of withholding.

If the distribution from a partnership or LLC is determined to be a return of capital or does not represent taxable income for the current or prior years, no withholding is required. Although a waiver is not required in these situations, the partnership or LLC may be liable for the withholding if at audit, the FTB makes a determination that withholding was required on the distribution.

For more information direct inquiries to:

Franchise Tax Board
Withhold at Source Unit
P.O. Box 651
Sacramento, CA 95812-0651
Telephone: (916) 845-4900
FAX Number: (916) 845-4831

G When and Where to File

File Form 592 on or before January 31st following the close of the calendar year. Include the total amount of withholding not previously remitted and Copy A of Form(s) 592-B. In lieu of sending Copy A of Form(s) 592-B to the FTB, the withholding agent can attach a list to Form 592 containing the information reported on Form 592-B. Using a list does not relieve the withholding agent of the requirement of providing Copy B and Copy C of Form 592-B to the vendor.

File Form 592-A with the payment of withholding by the 20th day of the month following the month that the total amount withheld from all vendors exceeds \$2,500.

Send the vendor Copy B and Copy C of Form 592-B by January 31st of the following year.

Deducting and withholding of tax by withholding agents shall be on a calendar basis, regardless of the basis of reporting adopted by the vendor or withholding agent.

Send forms and payment of tax withheld at source to:

Franchise Tax Board
P.O. Box 942867
Sacramento, CA 94267-0001

H Magnetic Media Filing

Withholding information may be submitted to the FTB via magnetic media. Withholding agents filing on magnetic media need not file year-end paper withholding documents for individual vendors with the FTB. However, withholding agents must continue to provide vendors with Form 592-B, showing their California income and withholding amounts for the year. For more information on magnetic media, get FTB Pub. 1023F, Nonresident Withholding – Magnetic Media Guidelines, or call (916) 845-3778.

I Interest and Penalties

The law provides for the assessment of interest on late payments of withholding. Interest is computed from the due date of the withholding to the date paid.

Failure to withhold may result in the withholding agent being personally liable for the amount of tax which should have been withheld and for interest and penalties.

J Additional Information

To request a withholding at source publication, contact the Withhold at Source Unit at the address or telephone number listed in "General Instructions," Section F.

Specific Instructions

Form 592, Nonresident Withholding Annual Return

Check the appropriate box to show how you are providing Form 592-B information.

Complete and sign Form 592, Section A, if you are reporting withholding on independent contractors, rents and royalties, estates and trusts, or other entities. Complete and sign Form 592, Section B (on Side 2) if you are reporting withholding on foreign or domestic (nonforeign) non-resident partners or members.

Principal business activity code. Enter the code number for the specific industry group from which the greatest percentage of total receipts is derived. See the federal instructions for Form 1120, U.S. Corporation Income Tax Return, the instructions for Form 100 or Schedule C (Form 1040), Profit or Loss From Business. You may also contact the Withhold at Source Unit for more information.

Complete Form 592, Section A, Part II through Part V and Section B, Part II and Part III at the end of the year to determine the total amount of withholding for the year and any remaining balance due. Provide a list of amounts paid to the FTB during the tax year and the dates of the payments to help reconcile the year-end totals. To determine if a final payment for the year is required subtract the total of payments made during the year from total withholding tax due and enter the balance. If the balance due is zero, no additional payments are needed. If a balance is due, submit the additional withholding with Form 592.

Foreign nonresident partners or members.

Partnerships and LLCs with foreign nonresident partners or members must make four installment payments of withholding during the tax year. Form 592, Section B, Part II, calculates withholding based on actual amounts of income allocations versus estimates made during the year.

Form 592-A, Nonresident Withholding Remittance Statement

Complete and mail Form 592-A to the FTB each time a payment of tax withheld from all vendors exceeds \$2,500. The amount of tax withheld should be entered on the appropriate lines. Payments of tax withheld at the end of the year that are less than \$2,500 are submitted with Form 592.

Principal business activity code. See the instructions for Form 592 above.

Foreign nonresident partners or members. If a partnership or LLC has foreign nonresident partners or members, the partnership or LLC must make four installment payments of withholding during the taxable year. In general, the amount of a partnership's installment payment or an LLC's installment payment is equal to the sum of the installment payments for each of the partnership's foreign partners or LLC's foreign members. For a foreign partner or member, an installment amount of the R&TC Section 18666 tax is correct if figured by applying the principles of IRC Section 6655(e)(2). To figure installment payments under this method, use the worksheet on Side 2 of Form 592-A. Side 2 is an annualization of the partnership or LLC income worksheet used throughout the year to compute each installment payment.

Specific Instructions for Worksheet

Line 1 – Enter the amounts for periods as indicated:

- 1(b) – first 3 months
- 1(c) – first 6 months
- 1(d) – first 9 months

Line 4 – Enter the amounts for periods as indicated:

- 4(a) – first 3 months
- 4(b) – first 5 months
- 4(c) – first 8 months
- 4(d) – first 11 months

Line 12 – Enter the amounts as indicated:

- 12(b) – amount from line 13(a)
- 12(c) – add amounts from line 13(a) and line 13(b)
- 12(d) – add amounts from line 13(a), line 13(b) and line 13(c)

Alternatively, each installment payment during the tax year may be made in an amount equal to 25 percent of the withholding that would be payable on the partnership's or LLC's California source taxable income allocable to foreign partners or members for the prior year if the following three conditions are met:

1. The prior year's tax consisted of 12 months;
2. The partnership filed Form 565, Partnership Return of Income, or the LLC filed Form 568, Limited Liability Company Return of Income, for the prior year; and
3. The amount of California source taxable income for the prior year was not less than 50 percent of the California source taxable income as shown on Form 592 for the current year.

Domestic nonresident partners or members.

To compute the California installment payments for the tax withheld on domestic nonresident partners or members, use the worksheet below.

- | | |
|--|-------|
| (a) Total distributions subject to withholding | _____ |
| (b) Withholding percentage (generally 7 percent unless a reduced amount has been authorized in writing by the FTB) | _____ |
| (c) Total withholding tax. Multiply line (a) by line (b) | _____ |
| (d) Taxes withheld and previously remitted during the current partnership taxable year | _____ |
| (e) Withholding payment to be remitted. Subtract line (d) from line (c). Remit payment with Form 592-A, (if the amount is less than \$2,500 see Section G) | _____ |

Form 592-B — Nonresident Withholding Tax Statement

Complete Form 592-B at the end of the year and attach Copy A to Form 592. Copy B and Copy C should be sent to the recipient. Copy D should be retained by the withholding agents for their records.

The total amount of all withholding for all Form 592-B's should equal the total amount of withholding on Form 592.